

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 922 – HB 1059**

March 30, 2017

**SUMMARY OF ORIGINAL BILL:** Prohibits a health benefits contract that provides benefits for anti-cancer medications that are injected or intravenously administered by a healthcare provider and anti-cancer medications that are patient administered, including all anti-cancer medications that are orally administered, from charging a higher copayment, deductible, or coinsurance amount than the contract requires for injected or intravenously administered anti-cancer medications. Requires high deductible plans to prohibit the same after the minimum annual deductible has been met. Requires a health benefits contract to limit a prescription fill for a 30-day period to \$150 for orally administered cancer treatments in order to be compliant with the proposed legislation. Clarifies this does not apply to health benefits contracts of the Federal Patient Protection and Affordable Care Act and the Federal Health Care and Education Reconciliation Act of 2010.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**IMPACT TO COMMERCE OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (006585):** Adds language to the proposed legislation that requires a manufacturer to report certain information about any anti-cancer medication in a manufacturer's product portfolio that experiences a 10 percent or more price increase from the previous calendar year to the Department of Commerce and Insurance (DCI) by March 1 of the following calendar year. Requires the DCI to post the reports submitted on the Department's website.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- According to the Department of Finance and Administration, Division of Benefits Administration (Benefits Administration), in January 2017 a new specialty drug tier was implemented that applies a 10-percent coinsurance, with a minimum of \$50 and a maximum of \$150 in out-of-pocket expenses. Therefore, all co-pays meet the \$150 limit and any fiscal impact to Benefits Administration is estimated to be not significant.
- Based on information provided by the Division of Health Care Finance and Administration (HCFA), TennCare and TennCare select co-pays are \$3.00 for every brand name drug and \$1.50 for each generic drug. CoverKids co-pays at the highest benefit level are \$40 for non-preferred brand drugs, \$20 for preferred brand drugs, and \$5 for generic drugs. Therefore, all co-pays fall under the \$150 limit and any fiscal impact to HCFA would be not significant.
- Based on information provided by the Department of Commerce and Insurance, the proposed legislation does not place additional coverage requirements on health benefit contracts, and any provisions of the bill can be accommodated using existing resources; therefore, any fiscal impact would be not significant.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The prohibition from charging a higher copayment, deductible, or coinsurance amount than a contract requires for injected or intravenously administered anti-cancer medication for a patient administered anti-cancer medication will cause a shift in expenditures from copayments, deductibles, or coinsurance to premiums paid by plan enrollees of private health insurance.
- Any increase in total premium amounts paid is estimated to be not significant.
- The net impact to private health insurance is estimated to be not significant.
- Any increase in business expenditures that result from requiring manufacturers to report certain information on anti-cancer medications in their portfolio that experience a ten percent increase or more in price from the previous calendar year to the DCI will be offset by business revenues from medications. The net impact to manufacturers is estimated to be not significant.
- No significant impact to jobs in Tennessee.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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